



**October 1, 2015**

**Senator Nofs, Senator Proos and Members of the Committee,**

**My name is Wayne Kuipers and I am the Chairman of Energy Choice Now, an organization formed to represent Michigan ratepayers—job makers, schools, and families. We are strongly opposed to Senate Bill 437.**

**You've heard a lot of testimony from DTE and Consumers Energy, the big monopoly utilities, from alternative providers and from other organizations. The utilities have done a great job trying to distract you from reality here in Michigan, and those opposed to SB 437 have done a great job explaining why and how SB 437 will kill electric choice.**

**Few if any who have testified, though, have spoken about the damage Michigan's current monopoly system, DTE and Consumers Energy are doing to Michigan ratepayers.**

**There's been a lot of discussion over the last few months about Michigan's energy future, and how it impacts Michigan's long term economic growth.**

**Let me keep it simple. Senate Bill 437 would kill electric choice in Michigan, and you don't have to take my word for it, I have with me various reports from financial analyst whose sole job is to evaluate utilities. They say this bill benefits utilities and kills choice. That hurts Michigan job makers, Michigan ratepayers, and Michigan kids.**

**Since Michigan capped electric choice at 10% in 2008, Michigan consumers have already paid nearly \$11 billion more than our neighbors in Illinois, a fully competitive state which we compete with every day for business retention and jobs.**

**Economists estimate that the 10 percent cap on electric choice costs Michigan 21,000 jobs each and every year.**

**Now Senate Bill 437 is poised to take choices away from even the 10 percent of Michigan customers who save hundreds of millions on their electricity every year.**

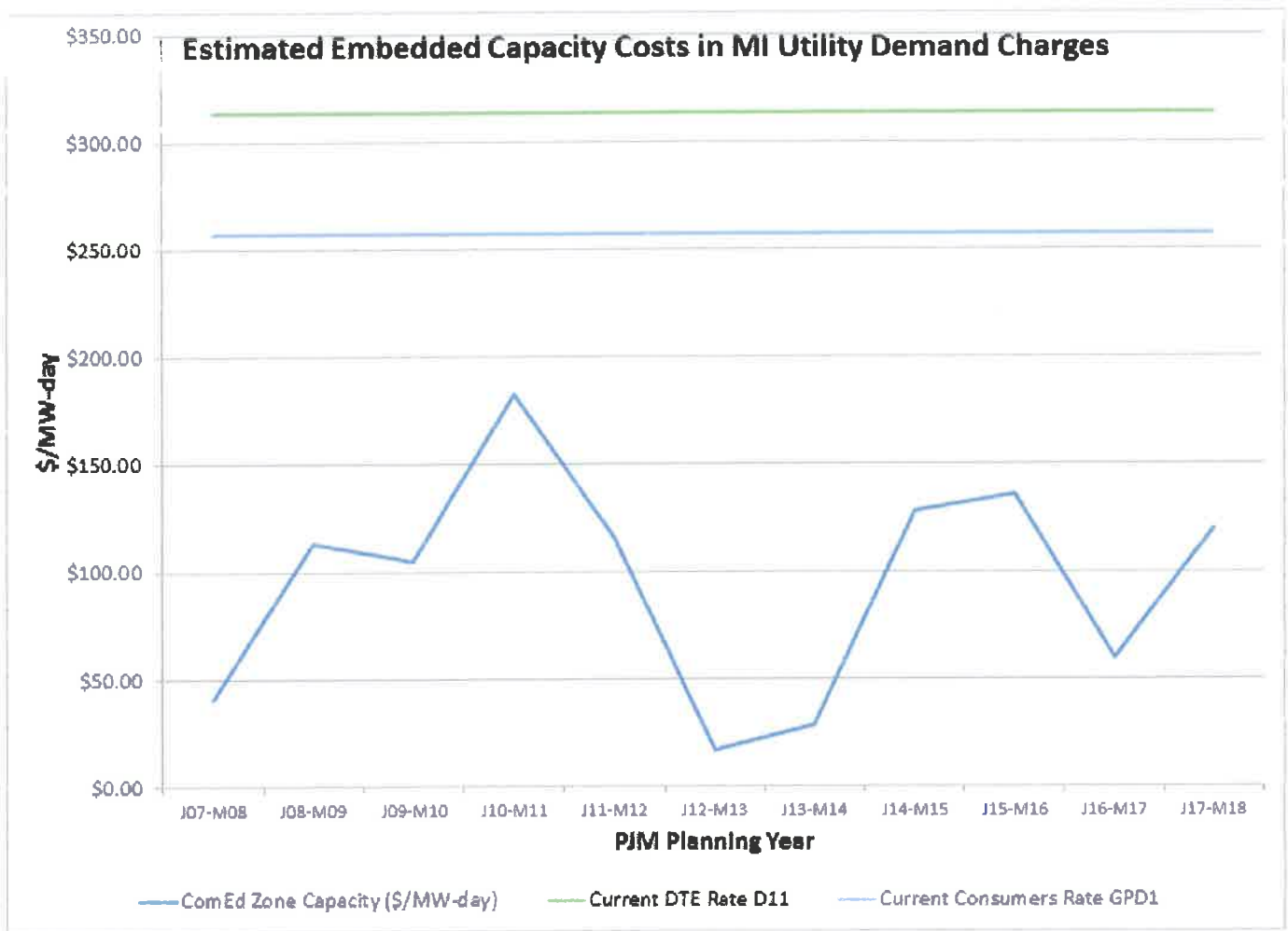
**It's time for a different approach.**

*Claims by DTE and Consumers Energy that Michigan customers leaving lower-cost suppliers in favor of monopoly suppliers would create a capacity shortfall is simply untrue—and they know it!*

Finally, you were told that Michigan should fully abandon electric choice because competitive market prices are too volatile to trust..

However, although prices in electricity markets can change, one of the primary benefits of taking supply from a competitive supplier is that the AES provide their customers with a low fixed rate for supply, which protects choice customers from these price changes.

In other words the AES absorb the price volatility of energy markets, so their customers in Michigan can enjoy low fixed rates. Most importantly these fixed rates are lower than what the utilities offer. I'd like to share one graph with you today.



The blue line on the bottom represents variation in annual capacity prices in PJM states, measured in terms of cost per megawatt-day. This chart of PJM capacity prices is the same as a chart that was shown to this committee a few weeks ago. Yes, the chart shows changes in prices year over year, but there are a few important things to note. First these are annual capacity charges, so these prices do not change for an entire year. Second in PJM the capacity auction occurs three years in advance, so customers in PJM know 3-years in advance what their new capacity rate will be for an entire year.

That said, the capacity market in PJM does change, from year to year, that is undeniable. However as the chart shows the maximum price paid in PJM in any one year is still under \$200 per day.

Now I want to direct your attention to two lines that we have laid on top of the PJM chart you saw a few weeks ago.

The light blue line—over \$250 per day—is what Consumers Energy charges their customer here in Michigan for capacity. The green line, well over \$300 per day—is what DTE charges for capacity.

There certainly is certainty in Michigan's monopoly market—I'll give DTE and Consumers that. Certainty that they're going to charge ratepayers way too much to line their shareholders' pockets.

Instead of abandoning Choice, it is time to fully embrace it and to allow customers—job providers and families—to get the most affordable electricity possible.

Thank you.